

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: March 28, 2007

Bill Number: H.B. 3398

Author: Funderburk, Haskins and Brady

Committee Requesting Impact: House LCI

Bill Summary: A bill to amend the Code of Laws of South Carolina, 1976, by adding Article 3 to Chapter 96, Title 44 to enact the "Electronics Recycling Act" so as to provide that the Department of Health and Environmental Control shall promulgate regulations on the proper management of electronics waste and to specify the content of these regulations; to prohibit the sale of video display devices in this State if the manufacturer is not in compliance with this article; to establish consumer electronics waste recycling fees on the purchase of video display devices to be collected by the Department of Revenue; to establish the Electronics Recycling Fund and to provide for the uses of the monies in the fund; to require retailers to provide information to consumers describing how and where to return and recycle electronic equipment; to provide that a retailer may retain three percent of the electronics waste recycling fee for administrative costs in collecting the fee, to provide that a portion of the electronics waste fee collected by a retailer may be refunded to the retailer who delivers electronics waste to a recycler, and to also provide that funds must be disbursed to each county based on population; to require the department to review and adjust electronics waste recycling fees biennially and to make adjustments to ensure that these fees generate sufficient revenue to fund this recycling program; to require manufacturers to submit annual reports to the department on the sale of electronic equipment; to establish civil penalties for violations; to provide that the department shall establish and update statewide recycling goals; and to provide that this article may not be implemented if federal law takes effect regulating electronics waste or if a court issues a judgment holding that out-of-state manufacturers of electronic equipment or retailers may not be required to collect the electronics waste recycling fee established pursuant to this article.

REVENUE IMPACT ^{1/}

This bill is expected to raise funds earmarked to DHEC by a total of \$423,500, to DOR by \$100,000, and to respective county jurisdictions by \$927,500 in FY 2007-08. It is expected to raise Departmental Revenue within the state General Fund, from fines and penalties, by \$50,000 in FY 2007-08.

Explanation: This bill sets an "e-waste recycling fee" of \$5, beginning January 1, 2008, on retail sale of certain video display devices such as TV's, desk or laptop computers, monitors and peripherals. Retailers may retain 3%, or 15 cents, of the \$5 fee for costs, and a refund of \$2.50 per item would be paid to a retailer for subsequent recycling of equipment on which an e-waste fee applied at purchase. The Department of Revenue (DOR) would annually retain \$100,000 of fee proceeds for admin costs. The Department of Health and Environmental Control (DHEC) would retain \$1.40 of the gross fee to administer an Electronics Recycling Fund (ERF), and also retain interest accrued on fund assets. The residual fee balance of \$3.60, less retailer discounts, refunds and DOR costs, would be apportioned to counties in this State based on 2000 Census of Population. Fines or penalties for nonpayment of these fees would go to the state General Fund.

Based on info from DHEC, we expect sales of 300,000 units in the five-month reporting period in FY 2007-08. Multiplying \$5 times 300,000 yields \$1,500,000 in gross e-waste fees. DHEC would retain \$420,000 of gross proceeds based on a fixed amount of \$1.40 per unit sale. DHEC is also expected to retain \$3,500 in interest earnings on the ERF. Of the residual \$1,080,000, a net amount of \$927,500 would be allocated to counties after deductions of \$52,500, for total discounts/refunds to retailers, and \$100,000 for admin costs retained by DOR. We estimate total fines/penalties of \$50,000 would be credited to the state General Fund in FY 2007-08.

/s/ William C. Gillespie

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^{1/} This statement meets revenue impact requirements of Section 2-7-71 for a state impact by BEA, Section 2-7-76 for a local impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by Office of Economic Research (OER).